

3/5/2013

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Chair Independent Pricing and Regulatory Tribunal
Level 8, 1 Market Street
SYDNEY NSW 2000

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Dear Dr Boxall

Response to the Independent Pricing and Regulatory Tribunal's (IPART) review of price and fee arrangements for government-funded vocational education and training under Smart and Skilled

Hunter Institute Kurri Kurri Heavy Vehicles thanks IPART for the opportunity to provide comment on IPART "*Pricing VET under Smart and Skilled.*"

1.3 What issues do we seek comment on?

The issues on which we particularly seek comment from stakeholders are highlighted throughout this paper. For convenience, these issues (and the page on which they appear) are also listed below:

1 Do you agree with our proposed approach for developing a methodology to determine prices, student fees and government subsidies for government funded VET?

Yes, however I don't believe stakeholders are completely aware of the process

Do you think this approach will lead to arrangements that ensure students and government make an appropriate contribution to the efficient costs of providing VET courses, qualifications and part qualifications? 26

No as the total investment will be lower also the distribution of shared costs will increase for students

2 Are our proposed assessment criteria for the review reasonable and consistent with our terms of reference? 26

Yes

3 Which of the 2 possible methods for determining a base price for courses and qualifications that reflects efficient costs do you prefer (map costs to industry groupings or map costs to Unit of Competency (UoC))? 40

Method 2 as UoC's are contextualised to their relevant industries

– Have we identified all the advantages and disadvantages of each method? 40

No, as industry groupings have dissimilar subgroups i.e. Automotive has motorbikes, light vehicle, heavy vehicle, agricultural, plant mechanics and auto electricians but the same UoC's exist i.e. OHS when they are inherently different industries and delivery hours needed.

– Is there another approach that we should consider to set base prices? 40

Yes – direct consultation with relevant industry bodies and subgroups that have already established national benchmarking in nominal hours i.e. ATB - Automotive Training Board, ASA - Automotive Skills Australia and HMEN - Hunter Mechanical Employers Network. Also recognition that the same unit across multiple industry sectors is not the same delivery costs due to resources required.

4 With reference to method 1 (map costs to industry groupings): 40

– How should we deal with ‘outlier’ courses and qualifications, where the costs are significantly above or below the base price? 40

Using training package UoC’s that are contextualised and use their nominal hours to prevent the fringe RTO’s delivering soft units via the percentage method. Currently we are funded on a 864 hours delivery when our actual nominal hours exceed 1150 hours

– How should we set a base price for a part-qualification, short course or skill set? 40

Basing costs on UoC’s that are contextualised and use their nominal hours

– How should the methodology take account of different modes of delivery (ie, classroom based and flexible delivery)? 40

Not penalise specialist delivery sections that deliver contextualised training and recognise that face to face delivery due to WHS requirements limit class sizes.

– How can any adverse effects arising from base prices that reflect an **average** cost within an industry group be addressed (eg, service quality implications)? 40

They can’t as numerous cuts to funding have already been implemented previously

5 With reference to method 2 (map costs to UoC): 40

– What would be the best way to group UoCs? 40

By their training package course numbers

– How should the methodology take account of different modes of delivery (ie, classroom based and flexible delivery)? 40

All modes should be equally funded

6 What student groups are more costly to train, and why? What additional costs are associated with providing training for these students? 41

Student groups that are performing higher risk training predominantly have lower student numbers in class. Why - as costs increase due to the size and weights of equipment used in training that requires a forklift or overhead cranes, lifting jacks etc to work on plant mechanic and heavy vehicle assemblies

7 Regarding thin markets: 42

– What training markets are likely to have low levels of demand and high operating costs (these markets may be defined geographically, by occupation or demographically)? 42

Remote and regional areas

– Should we test for a thin market by using the difference between the cost per student and the base price (plus loadings) expressed as a percentage? 42

Yes

– If so, what is the appropriate threshold of cost in excess of the base price (plus loadings) do you think is appropriate? 42

? Community based question

– What other test should we consider? 42

RTO costs to deliver UoC’s factored in

8 How should the price and fee arrangements take account of the Government's training priorities when sharing base prices between student fees and government subsidies?

Pending the course is on the Nation Skills shortage list this should lower student costs

Should the arrangements also consider the private and public net benefits that may be realised when a student undertakes VET?

Yes

What alternative approach or criteria should be used to decide how the efficient costs of VET should be shared between students and taxpayers? 46

Credit given to those employers who donate millions of dollars of equipment and have formed partnerships with RTO's as this is saving taxpayers and governments by not having to invest in capital equipment

9 What is the effect of the level of student fees on students' participation in VET, eg to what extent do the current fees influence participation?

A direct effect

What effect might a hypothetical doubling of fees have? 53

Halving of enrolments

10 What is the impact of any capacity to pay and/or credit constraints faced by students or prospective students? 53

Less enrolment numbers

11 How could the approach to sharing base prices between student fees and government subsidy take account of any positive externalities associated with the provision of VET? 53

?

12 Do any other characteristics of the VET sector warrant additional government subsidy of the costs of VET provision? 54

Yes as a 1st year student is on average 17 years of age and income is below \$20K

13 What is the appropriate relativity between student fees for VET and student contributions for university study? 57

Potential earnings

14 Which of these options do you think best meets the assessment criteria for this review: 58

Option 1 – the student fee (and government subsidy) is an increasing percentage of the base price, depending on qualification level or 58

Are there any other options that better meet these criteria? 58

Fully funded fees by the government and industry – not students

15 What criteria do you think we should use to decide on the additional contribution that should be made by students undertaking a subsequent qualification?

If not part of an apprenticeship full commercial fees to apply

Could these criteria be the basis of a fee setting rule?

Yes

16 What evidence is there on the benefits of part-qualifications?

None known in our sector of heavy vehicles

Is it appropriate to share the costs of part-qualifications between students and taxpayers in the same way as full qualifications?

Yes

If not, what other approach would be appropriate?

N/A

17 How should the current annual fee for apprentices and new entrant trainees be converted to a fee per qualification?

In proportion to the nominal hours required in the delivery

Should a flat fee across all qualification levels be maintained for apprentices and new entrant trainees? 61

No

18 How important are concession fee arrangements (rather than the availability of concession fees themselves) for providing equitable access to VET?

Very

Should concession fee arrangements be aligned with fee arrangements for other students? For example: 64

Yes

– Should concession fees be charged per qualification rather than per annum (or time served)? 64

No per UoCs

– Should the level of the concession fee vary by level of qualification? 64

Yes

19 How should government payments to Registered Training Organisations (RTOs) for delivering entitlement and purchased training be staged over the period required to complete the qualification or part-qualification? 65

Based on delivery being met and NOT relying on competency completion for payments as work evidence is often time based and delayed from the initial training.

20 How should student fee payments be staged over the period of study? 65

Annually

21 Should the current payment arrangements under the Apprenticeship and Trainee Training Program (ATTP) and Strategic Skills Program (SSP) be maintained?

Yes

If so, should the staged payment of student fees also match these arrangements? 65

Yes

22 How often should the methodology for setting prices and fees for government-funded VET be reviewed or re-estimated to ensure that students and taxpayers both continue to contribute an appropriate share of the efficient costs of providing VET? 67

Annually and aligned with CPI or course and version changes

23 How should base prices, student fees and government subsidies be adjusted in between reviews?

Aligned with CPI

What is an appropriate inflator for base prices?

CPI

For student fees?

CPI

For government subsidies? 67

CPI

24 In the years following implementation of Smart and Skilled, would it be appropriate to set a range for the student fee, rather than a single student fee, for each qualification? 68

Yes – and aligned with CPI

25 Do you support relaxing fee regulation in areas of the government-funded VET market where competition is considered effective? 68

Not at all

Thank you.

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